

Monthly Trend Report for Medicare, Medicaid, and SCHIP

October 31, 2003

On these pages, the Office of the Actuary presents monthly and fiscal-year-to-date data for Medicare (HI and SMI), federal Medicaid, and the State Children's Health Insurance Program (SCHIP). Highlights include

- changes in HI and SMI income, expenditures, and assets (see Table 1 below);
- changes in Medicaid and SCHIP expenditures (see Table 2 below); and
- actual versus projected data for each of the four programs (see Figures 1, 2, and 3 below).

The primary source of information for these reports is the [U.S. Department of Treasury's Financial Management Service's Monthly Treasury Report](#) (tables 5 and 8). The reasons offered to explain monthly and fiscal-year-to-date changes are preliminary in nature and may be subject to change as more information becomes available.

NOTE: These pages display only the financial performance of Medicare, Medicaid, and SCHIP. For more information on the nature of the three programs, please refer to the [Brief Summaries of Medicare and Medicaid](#).

Key Data and Trends (change is usually measured fiscal-year-to-date compared to prior fiscal-year-to-date)

Total spending

Fiscal-Year-to-Date 2004 (October 2003)

- Total Federal spending for HI, SMI, Medicaid, and SCHIP increased by 12.2 percent compared to the corresponding period in fiscal year 2003. Because program expenditure levels in a particular month can vary significantly, this growth rate -- and those shown below -- can be unduly affected by an unusually low or high level in any month. As the fiscal year progresses, the fiscal-year-to-date increases are expected to gradually stabilize as the remaining months are added.

Medicare

October 2003

- HI expenditures exceeded income by \$2.8 billion. Each month, the primary source of HI income is Federal Income Contribution Act (FICA) taxes, but this is particularly true for months such as this October, in which secondary sources of income were relatively modest, with no large amounts scheduled for receipt. Self-employment (SECA) tax income was small, and no income taxes on Social Security benefits were received. Most of the interest on invested assets of the trust fund is paid in June and December, with only small amounts received in other months. Similarly, no annual transfers (such as that from the Railroad Retirement

program) were due to the trust fund this month. On the expenditure side, it should be noted that the Medicare+Choice payment for November 2003 was made in October. (The Medicare+Choice payment for October was also made in October.) HI expenditures would thus have been lower -- and the excess of expenditures over income not quite so large -- had the November payment been made next month, rather than this month. (In fact, the excess would be cut in about half.)

- SMI expenditures exceeded income by \$3.2 billion. It should be noted that the Medicare+Choice payment for November 2003 was made in October. (The Medicare+Choice payment for October was also made in October.) SMI expenditures would thus have been lower -- and the excess of expenditures over income smaller -- had the payment been made next month rather than this month. (In fact, the excess would be cut in about half.)

Fiscal-Year-to-Date 2004 (October 2003)

- Medicare expenditures were 14.7 percent higher than in the corresponding period in fiscal year 2003. As discussed above, there were two Medicare+Choice payments for the fiscal year through October, compared to one for the same period in fiscal year 2003. Adjusted for an equal number of incurred Medicare+Choice payments, the growth rate would have been 1.8 percent.

Medicaid

Fiscal-Year-to-Date 2004 (October 2003)

- Medicaid expenditures were 7.5 percent greater than in the corresponding period in fiscal year 2003.

SCHIP

Fiscal-Year-to-Date 2004 (October 2003)

- SCHIP expenditures were 43.4 percent greater than in the corresponding period in fiscal year 2003. The large increase is due mostly to lower than average October 2002 expenditures.

Consumer Price Index (all items, for urban consumers; CPI-U)

October 2003

- The CPI-U decreased 0.1 percent during the month of October.

Table 1. Medicare Trust Fund Activity as of October 31, 2003

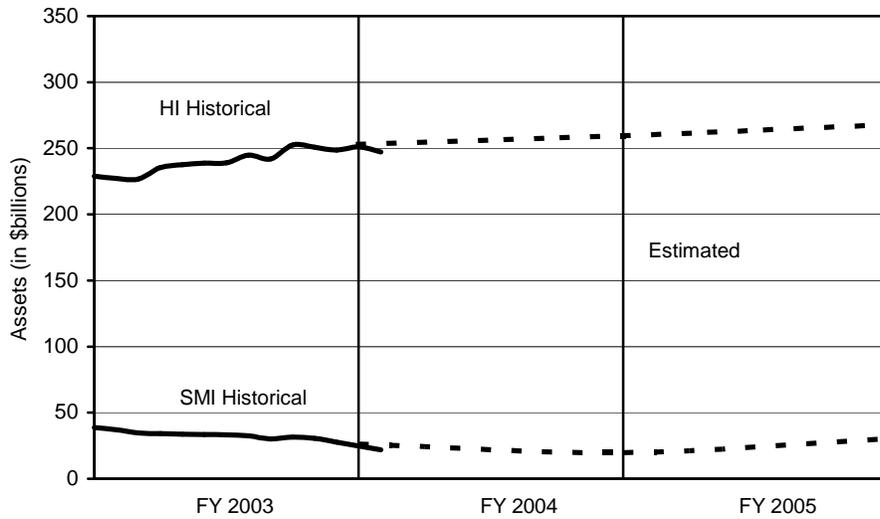
[in millions]			
Trust Fund Income, Expenditures, and Assets	Hospital Insurance Trust Fund	Supplementary Medical Insurance Trust Fund	Total Medicare
This Month:			
Income	\$12,053	\$9,415	\$21,468
Expenditures	14,900	12,569	27,469
Difference	(2,847)	(3,154)	(6,001)
Current Fiscal Year to Date:			
Income	12,053	9,415	21,468
% Change	1.3	7.7	4.0
Expenditures	14,900	12,569	27,469
% Change	11.0	19.5	14.7
Difference	(2,847)	(3,154)	(6,001)
Prior Fiscal Year to Date:			
Income	11,898	8,739	20,637
Expenditures	13,425	10,515	23,940
Trust Fund Balance (Current Total Investments):			
End of Month	247,786	21,952	269,738

Table 2. Federal Medicare, Medicaid, and SCHIP Expenditures as of October 31, 2003
[in millions]

Trust Fund Expenditures	Total Medicare Expenditures	Federal Medicaid Expenditures	Federal Expenditures for State Children's Health Insurance Program	Total Expenditures
This month	\$27,469	\$15,449	\$317	\$43,235
Fiscal year to date	\$27,469	15,449	317	43,235
Prior fiscal year to date	\$23,940	14,365	221	38,526
% Change	14.7	7.5	43.4	12.2

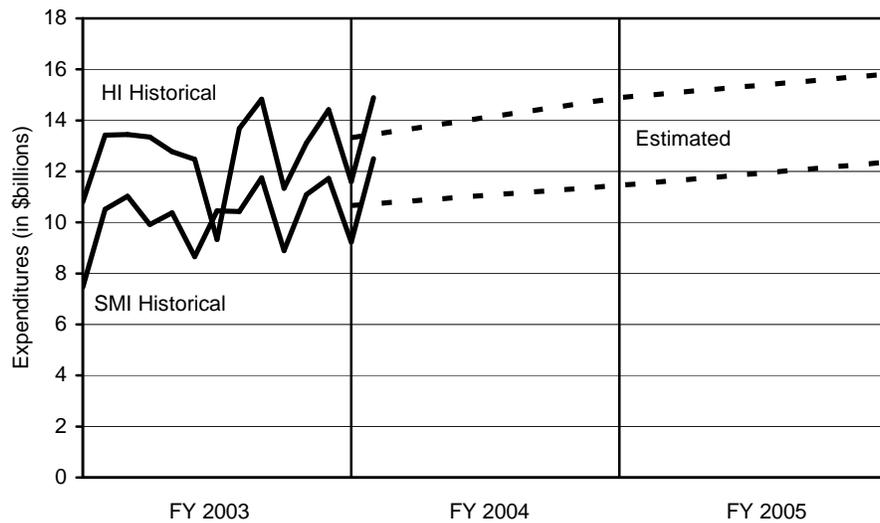
Note: State governments also support the Medicaid and SCHIP programs.

Figure 1. Medicare Trust Fund Assets at End of Month:
Historical and Estimated



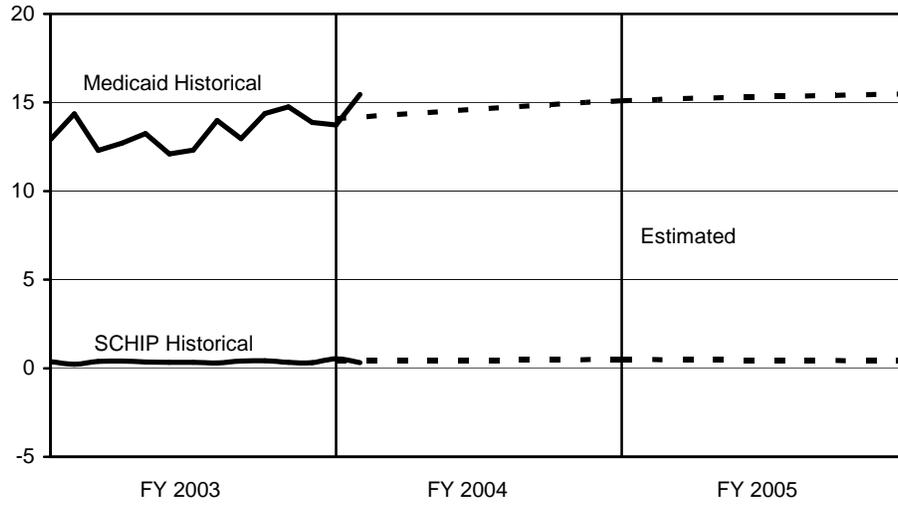
Note: Estimates are from the 2003 Trustees Report (intermediate assumptions).

Figure 2. Medicare Expenditures: Historical and Estimated



Note: Estimates are from the 2003 Trustees Report (intermediate assumptions). The historical figures reflect monthly fluctuations, but the estimated figures are based on annual amounts and thus do not.

Figure 3. Federal Medicaid and SCHIP Expenditures: Historical and Estimated



Note: Estimates are from the 2005 President's Budget.